

COMMITTEE ON FINANCE
(Standing Committee of Berkeley County Council)

Chairman: Mr. Jack H. Schurlknight, Council Member District No. 6

A **budget workshop meeting** of the **Committee on Finance**, Standing Committee of Berkeley County Council, was held on **Wednesday, May 25, 2011**, in the Assembly Room of the Berkeley County Administration Building, 1003 Highway 52, Moncks Corner, South Carolina, at 6:02 p.m.

PRESENT: Chairman Jack H. Schurlknight, Council District No. 6; Committee Member Cathy S. Davis, Council District No. 4; Committee Member Caldwell Pinckney, Jr., Council District No. 7; Committee Member Steve C. Davis, Council District No. 8; ex-officios Mr. Daniel W. Davis, County Supervisor, Mr. Phillip Farley, Council District No. 1, Mr. Timothy J. Callanan, Council District No. 2, and Mr. Dennis Fish, Council District No. 5; Ms. Nicole Scott Ewing, County Attorney; Ms. Elizabeth Cannon, Assistant County Attorney; and Ms. Catherine Windham, Acting Clerk of Council. Committee Member Robert O. Call, Jr., Council District No. 3, was excused from this meeting.

In accordance with the Freedom of Information Act, the electronic and print media were duly notified.

Chairman Schurlknight called the meeting to order. Committee Member Pinckney gave the Invocation, and Committee Member Steve Davis led in the Pledge of Allegiance to the Flag of the United States of America.

Bill No. 11-16, an ordinance providing appropriations for the **fiscal year** beginning July 1, 2011 and ending June 30, 2012 for **Berkeley County**; to provide for levy of taxes on all taxable property in Berkeley County for all County purposes; to provide for the expenditures of said taxes and other revenues coming into the County for the fiscal year; and to amend the Code of Ordinances, Berkeley County, South Carolina, setting rates, charges and penalties for water and sewer and solid waste service by **Berkeley County Water and Sanitation**.

Ms. Kace Smith, Finance Director and Deputy Supervisor: "I am explaining to you the Supervisor's recommended budget for the General Fund and other departments. We do have a presentation that if you want to go ahead and pass those out to County Council. We'll wait a few minutes in case you all want to take notes."

A copy of the *Berkeley County 2011-2012 Recommended Budget* was distributed to each Council Member, a copy of which is attached hereto and, by this reference, made a part hereof.

FY11 Financial Overview

Ms. Smith: “This was a very difficult budget year to work on and addressing some of those concerns and issues. We’re going to look at our current status as of April 30th. We’re also going to look at the ’11-’12, some of those issues and challenges that gave us a fit. We’re going to talk a little bit about personnel. We also will be discussing the elected officials and the Capital Improvement Fund. To look at our financial status as of April 30th, this is the General Fund. And, this page only talks about our revenues, and we have our April 30th numbers in this column. These are the numbers that you all are familiar with that we gave to you on May 9th when they handed out the revenues – the budget, and it shows the percentage increase. So, this is broken down into some major categories in here. We do look at the General Fund expenditures by category, as well, by Personnel, Operating, Capital, Debt Service and Transfer Outs. You will notice one item on here that’s not a budgeted item. It’s Capital; the elected officials have chosen under Capital this year – they will be funding that from their annual allocations. So, now we’re taking the expenditures, and we’re going to dig down a little bit deeper. And, we break this into two categories called the Elected Officials and the Non-Elected Officials. This purpose, for tonight’s meeting, when we refer to the Elected Officials, we’re referring to the Sheriff’s Office, the Probate Office, Register of Deeds, the Auditor’s Office, the Treasurer’s Office and the Coroner’s Office, and the Sheriff includes the Detention Center. So, what’s not included are, certainly, County Council’s Office is not considered an elected office for this glance, and also the Supervisor’s Office. And, the Solicitor is listed in the column with Non-Elected, because she supports elected officials over several counties. And, this gives an overview as of April 30th of our transfers in and revenues of 45.8 and expenditures and transfers out of 42.3. It looks like we’re going to be in way better shape, but that’s not – you’ll see. We have to project out to June 30th. But, don’t get too excited too soon, because remember, we do not collect our revenues evenly throughout the year. We collect a lot of it up front or through January. So, our revenue doesn’t come in for, you know, periodically, throughout the year. We have busier times, with busier collection times as a whole, but a lot of times, our expenditures are spread out through the rest of the year. Now, we look at these same charts, oh, I’m sorry – now, we’re looking at Cypress Gardens. I want to apologize. This is Cypress Gardens. We’ve got budget numbers, April 30th numbers, April 30, 2011, and what we have collected. We’ve also got their expenditures broken into Personnel, Operating, Capital and Total Expenditures. Now, we’re also looking at one of our Enterprise Funds, which is 911 Address Information, we have budget, year-to-date and the percentage collected or spent. These are all – you’ve got slides, and of course, the information we gave you guys includes this information.”

Projections

Ms. Smith: “We did look at projections with the General Fund. Here are the projections for June 30th, and this is the information we gave you on May 9th. On the front of your notebooks, there was a bright salmon-colored book that had these revenues in much more detail, but these are by major categories. We’re projecting that we’re going to be – oops, sorry – that our revenues are going to come in a little short, almost

\$400,000. And, when we look at expenditures, we are going to have some savings in expenditures of \$1,000,000. We take these expenditures, and break it down a little further into our Elected and Non-Elected, because I know that's important for us to look at that. You can see where the projections are. And, when we sum it all up, we are anticipating a \$613,000 in excess revenues over expenditures."

Mr. Farley: "Page 12, that's the Elected Officials?"

Ms. Smith: "Page 12? No; this is the total General Fund, so this is – \$53,000,000 is the total General Fund and these are the total expenditures. The next page – this is the projection, \$52,000,000, we break it into two categories, Elected is 18 and the remaining County allocated out of the General Fund is 30. So, I mentioned a few minutes ago, we're looking at a surplus of about 613. Our revenues came in short, but we did have a savings of \$1,000,000, which isn't necessarily that uncommon considering..."

Mr. Fish: "Kace, my question is on this \$1,000,000 savings. Does that include Elected Officials? In other words, they're short, they're under expenditures here. We're not gonna get that back? It's from the General Fund?"

Ms. Smith: "No; Sir; based upon the contract that was signed and what we've done in the past, the practice is that it goes into a carryover fund..."

Mr. Fish: "Then this is really not an accurate figure? Our surplus – this is not an accurate figure for our surplus?"

Ms. Smith: "It's accurate in the fact that it's total General Fund. Now, we can further analyze this, and get the information to you on how much of this is Non-Elected and how much is..."

Mr. Fish: "Well, we need that..."

Ms. Smith: "Elected."

Mr. Fish: "...because Non-Elected goes in..."

Ms. Smith: "This is – this is accurate for the General Fund as a..."

Mr. Fish: "I understand that, but we're not gonna see that in the General Fund, because it is actually gonna be allocated to Elected Officials, which we can't spend."

Committee Member Steve Davis: "We have control over it."

Mr. Fish: "I understand; it's an accurate figure; ok..."

Supervisor Daniel Davis: "Well, it is an accurate figure..."

Ms. Smith: "It is an accurate figure..."

Supervisor Daniel Davis: "For what that page is – what you want is something different, but we did that too."

Mr. Fish: "I would expect the \$613,000 to be an increase in Fund Balance, which is not gonna happen."

Ms. Smith: "Well, we have two fund balance allocations."

Committee Member Steve Davis: [Inaudible]

Ms. Smith: "One is unreserved, and one for the Elected Officials, so 100 percent of this money is going to a Fund Balance."

Committee Member Steve Davis: "Yeah."

Ms. Smith: "That is a correct statement. It's not all possibly going to the unreserved Fund Balance."

[Inaudible]

Committee Member Steve Davis: "What was set up in the budget of 100 percent is Elected Officials percentage?"

Supervisor Daniel Davis: "Thirty three, isn't it?"

Ms. Smith: [Inaudible]

Supervisor Daniel Davis: "Yeah, it's around 33."

Committee Member Steve Davis: "Thirty-three percent of 100 percent?"

Supervisor Daniel Davis: "Right."

Ms. Smith: "But, I don't know..."

Committee Member Steve Davis: "Well, I was just asking something. Elected Officials is 33 percent of our budget."

Supervisor Daniel Davis: "It's approximately."

Committee Member Steve Davis: "It's approximate."

Ms. Smith: "It's approximately."

Committee Member Steve Davis: "And, the other aspect is Non-Elected."

Supervisor Daniel Davis: "Right."

Committee Member Steve Davis: "Ok."

Supervisor Daniel Davis: "Is everybody out there."

Committee Member Steve Davis: "Thirty-three percent; ok."

Ms. Smith: "Does anybody have any questions? And, we can get that right down for you Mr. Fish, and get it for all of County Council, on the projected amount for the Elected Officials and the projected amount for the Non-Elected Officials."

Committee Member Steve Davis: "In reference to the other 70 percent of the budget – I guess that's 70 percent, 63 percent..."

Ms. Smith: "I don't know – I don't know if I could safely say that 70 – that 33 percent of that is going to the Elected. It may be more than that; it may be less than that."

Committee Member Steve Davis: "The reason I say that is because, you know, here is the total budget, and we're all gonna have this talk every year until we've got the contract in place about Elected Officials. So, I'm just thinking, out of this 100 percent that we are concerned about, what percentage is Elected Officials and, therefore, what remaining percentage, you know, we have more control over, because it is not contractually set up to the way we have it set up. That's just my thinking there. And then, the following question I would add, what kind of – are there going to be any carryovers from that other 67 percent?"

Ms. Smith: "There certainly could be."

Committee Member Steve Davis: "Could be?"

Ms. Smith: "It's hard for me..."

Committee Member Steve Davis: "Projections don't suggest?"

Ms. Smith: [Inaudible]

Ms. Marietta Hicks, Finance Department: "It's still a projection. I mean, something could happen between now and then, I mean, so it's to the best of our ability."

Committee Member Steve Davis: "Yeah; yeah, I was just thinking, you know, Mr. Fish has got this tremendous concern, and I don't knock him for referencing what kind of carryover the Elected Officials are having every year. So, I was just thinking

what kind of carryover the Non-Elected Officials that we control are we having every year, you know, that's all I wanted to know."

Mr. Fish: "Because if I remember right, didn't we just not approve about \$800,000 for Elected Officials?"

Ms. Smith: "That is their accumulative – that was the balance as of June 30, 2010; that is correct."

Ms. Hicks: "And, that's over several years."

Ms. Smith: "That's several years, and some of those..."

Ms. Hicks: "Some have quite a bit of it this year."

Mr. Farley: "Is it in the contract that they put any of their carryover into the General Fund – Fund Balance?"

Ms. Smith: "No; they retain it – it's all..."

Mr. Farley: "I know they retain it, but what I'm saying is maybe, maybe, we need to ask them, and say, *'Look here, you know, we're doing all we can to do this right here; how about ya'll do this 20 percent or 25 percent of your carryover'.*"

Ms. Hicks: "I think we'll be able to answer that question further in that presentation..."

Supervisor Daniel Davis: "Yeah, we're making..."

Ms. Hicks: "...We have a plan for that carryover, so if you'll please let Kace finish, she'll – we have a plan for that. So, I think it will answer your question."

Committee Member Steve Davis: "The thing that you've got that we're gonna wait on, it doesn't violate the contract in any way?"

Ms. Hicks: "No, Sir."

Supervisor Daniel Davis: "No."

Ms. Hicks: "No, no, it doesn't. It will probably encourage them to use their carryover in this year, in '11-'12. So, once she gets – I think you'll..."

Committee Member Steve Davis: "Ok; then you'd put a percentage cut-off, your saying?"

Ms. Hicks: "Well, I think you'll see where there..."

Committee Member Steve Davis: "We'll wait; I'll wait."

Supervisor Daniel Davis: "We recognize, you know, after the – the contracts been in place for a few years, and when we first did it, we said it was going to need some tweaking as it went along, and so, yeah, there have been – there's some departments with, with substantial carryovers, but we've got a mechanism in place. We've got some recommendations that will address that."

Ms. Smith: "I just ran some figures quickly, and we can certainly verify these and get these to you."

Ms. Jennifer Hinson: "Of the million-seven in the expenditures that are gonna be saved, 1.4 million is the General Fund, and the Elected are showing, they're gonna be about \$400,000 overspent."

Ms. Smith: "So, that means the Elected are digging in or using their money, their Fund Balance..."

Committee Member Steve Davis: "It put everything in position with what we had to do in the past..."

Ms. Smith: "We will..."

Committee Member Steve Davis: "...coming and asking for funds all the time."

Ms. Smith: "...we will drill this figure down for you..."

Committee Member Steve Davis: "I'm sorry; in the past, they'd always come in here and ask for additional funds."

Supervisor Daniel Davis: "Right; when they ran out. Now, you know, they have to use those funds before they can come back in."

Chairman Schurlknight: "I know one thing, when you talk to the Sheriff, the gas prices, as in everything else, is killing them. They are in the red right now with gas and having to dig in for those extra expenditures."

Mr. Fish: "Well, wasn't that supposed to be for capital?"

Ms. Smith: "Well."

Mr. Fish: [Inaudible]

Supervisor Daniel Davis: "In the very beginning, because we didn't want them adding into salaries and things like that, but we have allowed them now – last year's

budget, we've allowed them to start using overages in their budget, like for fuel and things like that."

Ms. Smith: "The Sheriff, and I know the books we gave you all on the – the books we gave you on March 28th had the Elected Officials carryover balances. I believe, the Sheriff's Department – mine's right here, right here. The Sheriff's, for example, the Sheriff's carryover was approximately \$200,000. It was 199, and he normally gets quite a bit of funding, so \$200,000 to him is a – he spends a lot of money in gasoline each month, so. I'm not sure how much he spends a month, but that may take care of two months worth of fuel for him, with the increased gas prices. But, hopefully, we'll be addressing some of your concerns within tonight's presentation. Do we have any more questions before we move on?"

Chairman Schurlknight: "Phillip, do you have anything you want to add? Can we move on?"

Ms. Smith: "Any questions or clarifications?"

Mr. Farley: "What percentage in relationship to our [inaudible]."

Ms. Smith: "So, your question is what percentage is 613 of our Fund Balance? Remember, at June 30th, we achieved our 15 percent Fund Balance Policy. At June 30th, it moves up every year, because our budget increases."

Mr. Farley: "What is our Fund Balance now?"

Ms. Smith: "On June 30, 2010..."

Mr. Callanan: "Not June 30, 2010."

Ms. Smith: "What will it be at June 30, 2011?"

Mr. Callanan: "Our most recent Fund Balance."

Ms. Smith: "Well, we haven't moved any revenue. The way we normally look at that is we look at is we look at June the prior year, July 1st. Our Fund Balance has not changed..."

Mr. Callanan: "Ok."

Ms. Smith: "So, we..."

Mr. Farley: "Whatever it was June 30th, it still is right now?"

Ms. Smith: "Yes."

Ms. Hicks: "I'll go get my financials."

Supervisor Daniel Davis: "And you would add whatever."

Ms. Smith: "And, here are our year-end projections for Cypress Gardens. We're gonna be a little short on the tax revenue. This is what a mill is bringing in; although, our total revenues are going to be, actually, a little short. That should have negatives around it. Here, Jennifer. But, our overall expenditures, we're gonna be a little bit understated by \$55,000. And, any access revenues over expenditures will be going back to repay the outstanding balance or loans that Cypress Gardens has with General Funds."

Mr. Farley: "Well, we did a lot of work there, and that's one of the reasons expenses are higher this year, correct, a lot of remodeling?"

Ms. Smith: "We have done some, yes, Sir, we have done some remodeling. And, you can see that our facility rental is coming in a little bit higher this year. We've got the Heritage Room, that's another facility to rent, and we've really been enhancing and promoting Cypress Gardens."

Committee Member Steve Davis: "How many tour personnel do they have at Cypress Gardens?"

Ms. Smith: "I can get that information for you."

Mr. Farley: "Don't we share personnel with Cypress Gardens with some of Water and Sanitation and Public Works?"

Supervisor Daniel Davis: "We don't really share them. We move those people physically to..."

Mr. Farley: "Cut grass?"

Supervisor Daniel Davis: "...facilities, yes, and they took over the..."

Ms. Smith: "Can you take over? You want to get to the Fund Balance. I'll go get my notebook real quick, and get that figure for you."

Ms. Hicks: "Oh, I need my glasses; I'm sorry."

Ms. Smith: "We've got the General Fund – Fund Balance, if you look on your financial statements. At June 30, 2010, the fund dot policy was 8,035,889. The Elected Official carryover was \$812,723, and we designated some funds for other post employment benefits of \$565,131."

Ms. Hicks: "Do you want me to make you a copy of that?"

Committee Member Steve Davis: "Did the budget make any provisions for this expense that's continuing to build in reference to – ok..."

Supervisor Daniel Davis: "That, that was the figure she just mentioned. We designated \$567,000 last year, but we got that figure after, when we got the audit. So, hopefully, there will be funds that we can designate and add to that again; yes."

Mr. Farley: "That's GASBY 45?"

Supervisor Daniel Davis: "That's GASBY 45, right."

Committee Member Steve Davis: "GASBY. I can't remember nothing called GASBY; ok; GASBY."

Ms. Smith: "Governmental Accounting Standards."

Committee Member Steve Davis: "Thank you."

Ms. Smith: "And, we have projected the 911 Fund. They are going to be a little bit short on revenues and expenditures, because they budgeted to use carryovers. So, that's why the revenues' overage match."

Mr. Callanan: "How much does 911 have?"

Ms. Smith: "How much is their fund balance?"

Mr. Callanan: "Yeah."

Ms. Smith: "We're going to have to wait a few minutes, because Marietta has the book. Would you also look up 911's fund balance?"

Ms. Hicks: "Sure."

Ms. Smith: "Well, would you just tell us what it is?"

Ms. Hicks: "\$578,178."

Ms. Hinson: "We've got 13 full time employees at Cypress Gardens."

Committee Member Steve Davis: "Thirteen?"

Ms. Hinson: "Thirteen, full time."

Ms. Smith: "From time to time, there are some County departments that help out there. Roads and Bridges has gone out there and helped them on some of the heavy

things. Public Buildings may go out there and repair air conditioners and areas that they are experts in. So, certainly...”

Committee Member Steve Davis: “Twenty-four/seven?”

Ms. Smith: “Are they 24/7? I know they are seven days a week.”

Supervisor Daniel Davis: “And, I think it’s important to note that all of those renovations – now, of course, building the Heritage Room, including building the Heritage Room and the remodeling of Dean Hall were all done by County personnel, by our Public Facilities people.”

Mr. Farley: “We still had to buy the lumber?”

Supervisor Daniel Davis: “Yeah; we had to buy all the materials.”

Mr. Farley: “Paint?”

Ms. Smith: “We did, and they did a lot of the renovations when Cypress Gardens isn’t normally busy, so staff was able to assist out there at times. I hope you all can plan a trip out there soon to see the renovations and how nice it looks.”

Mr. Farley: “We also have a lot of volunteers that do a great job.”

Ms. Smith: “We do. We have some very loyal volunteers.”

Mr. Farley: “And, I just want to throw this out that I think we need to have one day for all the volunteers and have a picnic or whatever.”

Supervisor Daniel Davis: “They have that. At Cypress Gardens, they have a Volunteer Appreciation Day, and they give out awards. And, I want to mention that – I believe this is correct – that last weekend, was the first time that we had four separate events that booked Cypress Gardens. We had the outdoor area booked with a tent covering, we had the Heritage Room booked, Dean Hall. I think, there were two weddings and two groups. But, four events were going on at the same time.”

FY ’12 Budget

Ms. Smith: “As we move on into discussing the 2011-2012 Budget, we want to point – and this is the recommended budget – we want to point out a few things to you. The budget is balanced. It was not an easy feat this year. It does not require a millage rate increase. It includes no furlough days, allows funding for the Detention Center to open, additional funding for the Solicitor and the Public Defender. It assumes an increased revenue of two percent over our prior year or current year budget. It includes some new positions. We’ve also got the satellite office that we want to discuss, but this does not include a cost-of-living or merit increase for employees.”

Committee Member Steve Davis: "When was the last time they received that?"

Ms. Smith: "They received a cost-of-living in July of 2010 that you all authorized."

Mr. Callanan: "When you say no millage increase, does that mean that each millage rate stays the same as it was last year?"

Ms. Smith: "Yes; that's correct."

Mr. Callanan: "Or is it a net total millage not increased?"

Ms. Smith: "Each millage rate will stay, we're recommending that it stays the same as it did last year."

Mr. Callanan: "Ok; so, the debt millage doesn't move."

Ms. Smith: "No, Sir."

Mr. Callanan: "Ok."

Issues & Challenges

Ms. Smith: "Some of the issues and challenges that we faced as we prepared the recommended budget, we have reduced state funding. The Solicitor, as you all know, have reduced funding. Our Public Defender had some funding issues."

Committee Member Steve Davis: "I want to stop right there. That's what I've got an issue with, but I'm just gonna put it on County Council. It just seems like in Columbia, we play game with them. I read what you said, Dan said in the newspaper about, he's gonna put these increases in the budget. But, it seems the people in Columbia got it made good to make a play and say they're not gonna raise any taxes, and then put the local officials on the front line for duties and responsibilities that should be shared from Columbia with resources, thereby, cutting the funding for the Solicitor's Office and cutting the funding for the Public Defender's Office puts us then in position to have to move funds in a different location to try to increase funding that, I think, should be directed more so from Columbia. But, that's just a comment by Mr. Davis, that's all."

Ms. Smith: "Also, we did have some state mandates. The Detention Center, the required number of positions with the state mandate, we are being required to have a certain number there before we can open. We also, once we get to the Capital Improvement Fund, you will see that there's FCC compliance issue with the narrow-banding that we must meet by January 1, 2013. It is approximately – right under \$1,000,000 of equipment that we need."

Supervisor Daniel Davis: "This year."

Committee Member Steve Davis: "And, what's the equipment for?"

Ms. Smith: "Well, we need it by January 1, 2013..."

Supervisor Daniel Davis: "And, that's a federal requirement."

Ms. Smith: "...the towers."

Committee Member Steve Davis: "For operation."

Supervisor Daniel Davis: "It's called narrow-banding."

Mr. Callanan: "Why – could the 911 Fund Balance be used for offsetting a portion of that."

Ms. Smith: "Yes; it certainly could be used for a portion of that, and we are working – what we have recommended in this year's budget is, we've only recommended funding half of that through June 30, 2012 as we work with the Communications Department to permit what we can pay for out of the 911 and anything else with it – General Fund or Capital Improvement Fund we'll need to find. So, we are working on that."

Supervisor Daniel Davis: "We anticipate spending some of those dollars for this."

Ms. Smith: "We hope there's other funding that's available for that. We also had increased cost of employee benefits. Retirement rates are going up July 1st. Our health insurance rates are going up. Our Worker's Comp rates are going up. What else, and in insurance, just last week, we received information that we have – the County has moved into a different category for building insurance. We are not – we are considered a seacost. John has probably heard this information. We are a seacoast county now. We're not a beach county, but we're a seacoast, so our property insurance rates are going up, and we haven't received information on how much that's gonna be, but the Association of Counties has changed our category that we are going to be in."

Committee Member Steve Davis: "And, who provides that coverage?"

Ms. Smith: "We get it through the South Carolina Association of Counties."

Committee Member Steve Davis: "All the counties together?"

Ms. Smith: "Yes."

Ms. Johnette Connelley, BCWS Director: "It was \$35,000 hit."

Ms. Smith: "It was a \$35,000 hit for Water and Sanitation."

Committee Member Steve Davis: "And our health insurance benefits, that's still Blue Cross/Blue Shield?"

Ms. Smith: "It's still with the State Health Plan."

Committee Member Steve Davis: "State Health Plan, alright. Well, why am I hearing all this argument about that pool that Obama Care put together? We're still not a part of that?"

Ms. Smith: "Nita, can you help me?"

Ms. Leonita Turner, Human Resource Director: "Immediately, everyone is a part of it, but what has happened is the state is in the process of putting together what their pool might be now, but you really don't want to go into the pool, because any employees that elect to go into the pool, then we, as an employer, get penalized for folks going into the pool."

Committee Member Steve Davis: "So individuals..."

Ms. Turner: "The individual can elect to take our insurance or go into the pool insurance, and if the individual elects to go into the pool insurance, then there would be a financial hit on any employer."

Committee Member Steve Davis: "And, who's imposing that financial hit?"

Ms. Turner: "The Federal Government. It's part of the regulations that they had when they did the changes in healthcare."

Committee Member Steve Davis: "So, then essentially thing then is for the whole group to kind of parcel away?"

Ms. Turner: "That's correct, but really, when they are looking at developing that federal pocket, they are not really wanting groups to go there. They really want that to be developed for those individuals who don't have health insurance. They really still want to encourage employers to provide their own insurance. And, right now, the incentives – in the arguments, the incentives are low enough that you can go in, but they say as more employers go in, they're probably gonna make the penalty to be higher where it's not as attractive to get into it."

Committee Member Steve Davis: "Because employers are dumping it over into the pool, right?"

Ms. Turner: "That's correct."

Mr. Fish: "If the state's successful in a lawsuit against the government, let's say they are successful, then this does not apply then, is that correct?"

Ms. Turner: "It would depend upon whatever the lawsuit is, but right now, the state is already looking at being part of the pool. That was not one of their objections. Their objection was whether they should participate at all, and whether the law was valid or not."

Committee Member Steve Davis: "In the Constitution, whether that mandates you have – car insurance."

Ms. Smith: "Getting back to the increased cost of employee benefits, we've got, we anticipate that can be almost a \$285,000 from the prior year, just the increase in health insurance benefits. We also have economic factors just like we all do in our own homes. We've got costs that are going up, fuel that is going up month by month. We are certainly hoping that the costs are starting to come down a little bit."

Committee Member Steve Davis: "Well, in that same factor though, economic conditions overall for Berkeley County is getting better though, I mean. We've got more people working."

Ms. Smith: "We do, and I hope we soon have people building houses."

Committee Member Steve Davis: "Ok."

Supervisor Daniel Davis: "We'll show you on the Revenues."

Ms. Smith: "We'll provide some information to you in a few minutes."

FY 2011-2012 Recommended Budget

Ms. Smith: "In the far right column, revenues for the General Fund, we've got a slight increase that we're projecting in taxes – very slight. I guess, we can go ahead and hand out the assessment information. We pulled together some assessment information to show you that we really had a decrease in some areas of our assessed values from the prior year. We've also – our wonderful GIS Department has done some maps for each of you that corresponds the tax districts to the County Council Districts, and we've got assessment figures broken down by tax district. So, each of you can see your district or your area and how the assessed values have changed from 2009 to 2011. Does anyone have any questions? I know you all haven't had time to really look at that. You can study that later, but if you have any questions we can help you on with the spreadsheet right now. So that – what happened is we've got County Council Districts and then we've got separate tax districts..."

Committee Member Steve Davis: "So, the higher the number is..."

Ms. Smith: "No, the numbers don't mean..."

Ms. Hicks: "It's a tax district."

Ms. Smith: "It's a tax district that's a number that they use in the Assessor's and the Treasurer's Office, so it's just a code. It doesn't have a..."

Committee Member Steve Davis: "How about the percentage that comes from the areas is what I was thinking?"

Ms. Hicks: "Well, the spreadsheet will kind of tell. We didn't break it down that far, Mr. Davis. You're giving me a pop test today."

[Laughter]

Ms. Hicks: "You should find here the assessment and the breakdown, but no, I didn't do it that way. I apologize."

Committee Member Steve Davis: "That's alright."

Ms. Smith: "You did a good job, Marietta."

Committee Member Steve Davis: "You did fine."

Ms. Hicks: "I failed that pop test."

Committee Member Steve Davis: "You see, you got a dummy that he can't figure that all up, that's all."

Ms. Smith: "So, once again, this is our recommended General Fund revenue compared to our current year budget. You'll see a slight increase. We're also looking at our General Fund expenditures of our '11-'12 Budget and our '10-'11 Budget in comparison. In your packet, we won't put a lot of time focusing on that. We've got Cypress Gardens in here, as well as 911."

Revenues

Ms. Smith: "But now, let's talk about revenues a little bit. We've just given you the information on assessments, and we also have some information to share with you on Permitting. It hasn't been as busy in the Permitting Office, and what we have done is we've compiled some information that goes back to 2007 that lists the number of permits, the County revenue we get from it and also an average price since 2007 to the current. The second page gets a little bit more in detail and breaks it down into type of permits. And so, what this says is that in 2007, we have 158 commercial building permits, and currently, this fiscal year, we've only done 62. Electrical permits, we had 2,200 in 2007,

and we're at 987 this year. So, our Permitting Department has not been as easy, I mean, as busy this year. We do certainly hope that it's going to be a little bit busier, or we will, at this rate, have a shortfall this year. And, correspondingly, our Register of Deeds Office, we haven't seen as many of the property transfers, but we do hope that that's something that will be coming back."

Mr. Fish: "Do you think on the commercial side, I've heard from a lot of people in our area, when we passed that..."

Ms. Smith: "Impact fees?"

Mr. Fish: "Impact fees – I think, we shot ourselves in the foot with a lot of people, clients, who are not moving into the County. Is there any way that we can revisit some of that? I think it has hurt us drastically."

Supervisor Daniel Davis: "Well, it's interesting you should ask that. Yeah; we shot ourselves in the foot, and, in my opinion, there was a much, much better way to do that, and we attempted to do it, and it's called a Neighborhood Assessment District. You know how we did the assessment district in Jedburg with the industrial folks. Well, there's a mechanism that you can use for large developments like Parks of Berkeley, Cane Bay, where you create an assessment district just like that one, and basically what you do, you figure out the cost of the improvements that you want to make. And, interestingly enough, it's not limited to any kind of improvements. You could build recreation facilities, you could put drainage in, anything you want to do, and you add that millage or a portion of the millage to the end user of the property. The assessment goes on to – as an extra tax. So, it truly is a user fee. It becomes the ultimate user fee, because for those improvements in those neighborhoods, then they're the ones that are paying for it, and it stays on until you actually pay for the improvements. Oh, and by the way, after a period of time, you can have neighborhood associations, and they can say, '*well, we want to do something else,*' and they can extend the life of the assessment district."

Mr. Fish: "Would they control the money or would we control the money?"

Supervisor Daniel Davis: "Well, in that case, we would control it. It would come to the County just the same way that..."

Ms. Smith: "We would collect it."

Mr. Farley: "It would be their account."

Supervisor Daniel Davis: "No; it would be for that. You would spend the money only in that district. We actually thought that at a time during this whole process with Jedburg and Sheep Island, there was a time when we thought that would really appeal to Parks of Berkeley and Cane Bay, and that would have allowed us to eliminate the impact fee, but no one would participate in it. But, that is – if we ever do it again, in the future, whether I'm here or you're here, or anybody's here, the County should, for these large

developments, the neighborhood assessment district. And, we can control it. We can say, *'listen, you either do this or we're just not going to, we're just not going to do the project'.*"

Mr. Fish: "Any way we can get some easing of that? Because, I mean, along 17-A, with all the widening, I think there could be a lot more development there with commercial. You see that, I think, up along Highway 6 in your district, in my district, I think, Hanahan. The people are not moving into Berkeley County like they used to, because of that impact fee."

Supervisor Daniel Davis: "Right, unfortunately – I'll tell you, the only thing that worked in our favor was when Dorchester County adopted it, and theirs is actually higher than ours. So, it kind of leveled the playing field a little bit between Dorchester and Berkeley, but you are exactly right. We were seeing some projects that were – where the interest was in Berkeley County, and they went to Dorchester County instead. But, if the impact fees..."

Mr. Fish: "Can we ease it in any way?"

Supervisor Daniel Davis: "Well, you see, it's all related to, again, the Sheep Island Project, because those were pledged dollars for the local match on Sheep Island. So, if we were – if the Infrastructure Bank – considering that we, we kind of hoped that we're getting an extra, some extra dollars on that project, that if the Infrastructure Bank came through with all the dollars, and there's a possibility."

Mr. Fish: "Ok."

Supervisor Daniel Davis: "And, and, I will tell you that that's a regular topic of conversation around here in that any time we think that we see a way, we look into it."

Mr. Fish: "I know of two service stations that have pulled out. I know of a laundromat that pulled out... [inaudible]."

Supervisor Daniel Davis: "And, that's why this neighborhood assessment thing is so much better, because you see, you still pay the same amount of money, but you don't pay it up front, because it's added as an assessment. So, over the years, you will end up probably paying the same amount of money, but you don't feel the impact as much."

Mr. Fish: "Let's... [inaudible]. I'd like to kind of find a way to move forward with that... [inaudible]."

Supervisor Daniel Davis: "Trust me, if we ever see a way, that's going to be one of the first things we do."

Ms. Smith: "And, Mr. Davis, I guess it was already mentioned that the homeowners and property owners have to agree to this."

Mr. Fish: "Right."

Supervisor Daniel Davis: "Yeah; you see, once it's developed, it's impossible to put in place. You have to – it has to be done on the front end where you have a single property owner or a few property owners where you get the majority to agree to it."

Committee Member Pinckney: "Is that the only option that we have to the impact fee, or is there any other available option?"

Supervisor Daniel Davis: "None that we can control. As I was saying, that you know, and I'm making Frank nervous back there and Kace but, but if there were dollars, if there were sufficient dollars that we got either through the Infrastructure Bank or additional dollars for the Sheep Island Project or Jedburg, if we, if we could match the dollars that were pledged for the impact fee, then yes, we could look at getting rid of it or at least knocking it down to where it's a reasonable level. You see, we can discount it. We can keep it in effect, and I think we have a 75 percent discount now?"

Mr. Frank Carson, Berkeley County Engineer: "I think we do, but the issue, as Mr. Davis said, is really how you replace those funds. And, at the time it was passed, there were no other funds. The idea at the time was that that was going to leverage many times that amount in Infrastructure Bank Funds, and because they were underfunded and remain underfunded and will be in the foreseeable future, and that didn't come about. So, if you replace them with a new sales tax, for example, or something else, you could keep it in place and discount it even further. Summerville, in fact, has an impact fee, and they've discounted it 100 percent, so that it's in place, but nobody pays anything. And, I think, they did that with the intent at some point in time they would remove that. The other part of it is, you can't say well, we'll just charge residential, or we're charging category, because it's all based on trip generation. So, if they generate the trips, then they get set with that share of it."

Chairman Schurlknight: "That's what's so hard even for a church, to build a church."

Mr. Fish: "It is."

Chairman Schurlknight: "From my understanding, really Jedburg is kind of holding us hostage on keeping it going as far as without having to really discount it down if we could find extra funding for that."

Supervisor Daniel Davis: "Well, that's where, I mean, those dollars were pledged for that project."

Chairman Schurlknight: "We've just got to find something to take its place."

Supervisor Daniel Davis: "Yeah; if we had replacement dollars..."

Chairman Schurlknight: "Right, then we could adjust it."

Supervisor Daniel Davis: "That's why the assessment district was – it would have replaced those dollars."

Ms. Smith: "Mr. Davis, would you like to speak about the EMS fees and what we've learned about those?"

Supervisor Daniel Davis: "You know, while we're on the topic of fees, EMS fees. We have a group that meets. As a matter-of-fact, we meet tomorrow. It's the tri-county group. One thing, and we've never been doing this before, but I meet with the county administrators of both counties and sometimes the chairmen of those counties. We explore common problems, and one of the things that we noticed from Dorchester County was that their fees are about – their EMS fees are about twice what ours are, and their collections – we've always, you know, we've always been hesitant about raising EMS fees, at least since I've been here, for fear that the collections would drop off. Dorchester County comes very close to funding their EMS Department, and their fees are substantially higher, remembering that most of the fees are paid by insurance companies. Charleston County's in the same dilemma we are that our EMS service, which is a user-based service, our EMS service is subsidized by the taxpayer to a large extent. And, theirs is relatively the same, so we are – that's gonna be one of the topics of discussion tomorrow about equalizing those fees, because while Dorchester County complains Berkeley County being cheaper and Charleston County as well, since we're all basically serving the same area and the same market, then it makes sense that those fees be closer together."

Mr. Farley: "Can you get a copy of their fees? I'm sure they'll give them to you."

Supervisor Daniel Davis: "Oh, yeah."

Mr. Farley: "And, get ours and let us..."

Supervisor Daniel Davis: "We are. We're going to..."

Mr. Farley: "...give us a spreadsheet on it..."

Ms. Smith: "That is something we're going to be looking into for next year on some of our revenues."

Supervisor Daniel Davis: "But, that's a user-based service, and I think it's more appropriate to charge more. We'll probably always subsidize it to some extent, but we can make that more equal."

Mr. Farley: "You say for next year, but if we found that we wanted to raise them in July."

Ms. Smith: "It would help us; yes."

Supervisor Daniel Davis: "But, we can raise them. That's something – we don't have to wait. The way the budget's set, we don't have to – I don't think we have to amend the budget to do it. We can raise the fees anytime we want to."

Mr. Callanan: "What's the deficit right now?"

Ms. Smith: "In the EMS Fund?"

Mr. Callanan: "Yeah."

Ms. Smith: "The booklet – do you want to look in mine, Jennifer?"

Supervisor Daniel Davis: "It's gonna surprise you. It's very substantial."

Committee Member Pinckney: "So, if we were to raise the fees..."

Ms. Smith: "Two point nine million dollars."

Mr. Callanan: "So, if we were to raise the fees, how much would that – do we do an estimate on what that would generate?"

Ms. Smith: "Have we done..."

Mr. Callanan: "Yeah."

Ms. Smith: "No; we haven't..."

Supervisor Daniel Davis: "We haven't gotten that far with it. Like I say, we were working with these other – it was something we were doing kind of together, but we haven't gotten that far with it yet."

Ms. Smith: "We've estimated the EMS fees at 2.5 for next year. Our expenditures are 5.4."

Committee Member Steve Davis: "Have any of the municipalities contributed to the EMS Fund?"

Mr. Callanan: "No."

Chairman Schurlknight: "Kace, let me ask you this..."

Committee Member Steve Davis: "I want to see..."

Supervisor Daniel Davis: "We actually..."

Mr. Callanan: "It's a county/state..."

Supervisor Daniel Davis: "No; we operate, we operate EMS in the cities, so the cities don't really have anything to do with it. We contract with Hanahan and Goose Creek for them to provide the EMS service, and we pay them for that service. So, the County has assumed full responsibility for EMS."

Mr. Callanan: "I mean, it's the way it should be, because as a member of a municipality, I'm already paying for services that I'm not getting, so."

Supervisor Daniel Davis: "It is; it's actually the most equitable way to provide a service. You know, that's – I've said it before, the Fire Department – the most equitable way to provide fire service is Countywide fire trucks."

Committee Member Steve Davis: "The County Fire Department does set up that way."

Supervisor Daniel Davis: "Well, no, no; Fire Departments are user-based right now, because they pay a fire fee in the unincorporated area, and in the cities, they pay fire fees by way of taxes. But, what I'm saying is that for those types of user-based services, the most efficient way to deliver those services..."

Committee Member Steve Davis: "I agree."

Supervisor Daniel Davis: "...is Countywide..."

Committee Member Steve Davis: "The money would be shared over the process..."

Supervisor Daniel Davis: "Right."

Committee Member Steve Davis: "...rather than this hodge podge of money from the fire fees that we didn't tap in every now and then, because the burden would be spread across the whole County, just like EMS is being spread across the whole County."

Mr. Callanan: "I mean, but the cities would be providing their own fire service."

Supervisor Daniel Davis: "Well, that would be their option. They don't have to then, because..."

Mr. Callanan: "Well, they will, and so, what's gonna happen is that the city residents, again, are going to be paying for a service that they're not gonna be taking advantage of."

Supervisor Daniel Davis: "Well, that's your opinion. If we provide..."

Mr. Callanan: "The City of Charleston is not going to give up their fire department, and so, what's gonna happen, you're gonna have duplication of services and, yet again, you've got – look at the figures here, \$90,000,000 or \$90,000,000 in total assessed value just for Daniel Island. That's entirely incorporated where we're providing minimal user services, really EMS and Library, compared to the unincorporated areas, where they're providing planning, road maintenance, everything else, so. You know, just taking that load from fire, from fire fees and shoving it on the city residents, I think, is an awful idea."

Supervisor Daniel Davis: "Well, it's..."

Mr. Callanan: "We're already paying a lion's share."

Supervisor Daniel Davis: "Mr. Callanan: "I didn't say it was an idea. If you remember what I said was, and I will repeat it one more time. The most efficient way of fire delivery, we were talking about EMS..."

Mr. Callanan: "Sure."

Supervisor Daniel Davis: "...and the conversation got extended to fire. All I said was the most efficient..."

Mr. Callanan: "What a system?"

Supervisor Daniel Davis: "...delivery is Countywide for both fire/EMS..."

Mr. Callanan: "Ok."

Supervisor Daniel Davis: "...That's what I said, so I'm not..."

Mr. Callanan: "So, if..."

Supervisor Daniel Davis: "...It's not in the budget. I am not proposing in the budget that we do that, as what you're saying that I'm alleging..."

Mr. Callanan: "No, no, no, no; I'm not alleging. I took what you say in the most efficient way of something that you supported, and that wasn't what you meant."

Supervisor Daniel Davis: "It's not at all what I meant. I was just making a statement."

Committee Member Steve Davis: "He's not supporting it tonight, but that don't mean that he may not support it in the future."

Supervisor Daniel Davis: "Well, if there was a way to negotiate..."

Mr. Callanan: "[inaudible]."

Supervisor Daniel Davis: "...If there was a way to negotiate, and it has been done in other places, you say that would never happen. Well, it has happened where, you know, through a county referendum, you could pass that. And, you could actually calculate the millage, and have the citizens vote on it. Now, I don't know, and I haven't checked if whether we could do that in South Carolina, but in other areas, it has been done where you convert some of those services to a Countywide system. And, the city millage is reduced to compensate for what the fee would be. If probably won't happen, but it is possible to happen."

Mr. Callanan: "Right; you know, the thing that always concerns me is the fact that a lot of these expenses for the unincorporated areas are being paid on the backs of people in the incorporated area who aren't using the services, so."

Supervisor Daniel Davis: "But see, this actually solves your problem if you go to strictly a fee-based service, because the Daniel Island Fire Department/EMS Station is the least busy station in the County. So, your residents who, may typically, don't use the EMS service, just a few would be paying a higher fee, and it would not be coming out of their tax dollars."

Committee Member Steve Davis: "And the unincorporated area was in existence way before Daniel Island decided to join the forces to become a part of the County."

Supervisor Daniel Davis: "How about getting back..."

Mr. Callanan: "So, essentially, we're second class citizens according to Mr. Davis."

[Inaudible]

Committee Member Steve Davis: "Berkeley County was in existence before Daniel Island was created. I mean, this was separate and apart before Daniel's Island became incorporated with all them fine homes you got. I mean, we did exist."

Mr. Fish: "Mayor Joe had a vision."

Committee Member Steve Davis: "Yeah; it's too bad we didn't jump to it earlier."

Chairman Schurlknight: “Kace, I did have a question. I just want to back up real quickly on EMS. We were talking about billing. Do you have a percentage of the bills that we bill out that’s not paid?”

Ms. Smith: “I do not.”

Chairman Schurlknight: “Just a rough guesstimate...”

Ms. Smith: “I do not.”

Chairman Schurlknight: “...of the bad debt.”

Ms. Hicks: “Not off the top of my head. I thought Bob included that in his monthly reports to y’all, but I can get that to you tomorrow morning.”

Chairman Schurlknight: “That would be fine, but my question was, the next is, do we have a collection agency that helps us kind of collect those things?”

Ms. Hicks: “Yes, Sir; we are doing everything we possibly can.”

Chairman Schurlknight: “In house and...”

Ms. Hicks: “We hire a company to do all our billing.”

Chairman Schurlknight: “I mean, as far as go down and actually try to collect the money as a collection agency.”

Ms. Hicks: “No, we do not. Council has not approved Bob to go to a collection agency to start knocking on doors.”

Chairman Schurlknight: “So, if somebody doesn’t pay the bill, we just write it off?”

Mr. Farley: “Yep.”

Ms. Smith: “We try everything we can. Our billing company keeps up with all the federal laws and health insurance rules, and Medicaid and Medicare. It does everything they can to do that, and we are also using the debt set-off.”

Ms. Hicks: “But, the next step – are you talking about the next step?”

Ms. Smith: “But, we can certainly – you all can certainly authorize us to use collection agencies.”

Chairman Schurlknight: “But, what I’m talking about here is not the actual billing of it, but the collection of past dues, and do we have somebody, you know, if it’s

30 days over, they report it to a collection agency that they write them a letter, a registered letter or whatever, to try to put pressure on the people to pay these bills? And then, put it on Experian or whatever on their credit, where they do credit checks on them.”

Committee Member Steve Davis: “They do, Jack, they do take refunds from their income tax returns.”

Mr. Farley: “Why don’t we do like Ava did, and send them one of those letters that she sent them?”

Supervisor Daniel Davis: “If y’all would, like I said, we’re just beginning to look into all of this. We’ll collect all that information. We’re gonna gain advantage of what they’re doing in Dorchester County. Dorchester County is doing something right, and...”

Mr. Callanan: “Well, and I agree with that, and the two points I’ll bring up. One of them is that if we’re gonna offset this with higher fees, I just don’t want those higher fees just, you know, the money that we’re gonna be normally shelling out just going into the General Fund again, because then it’s just a raise of taxes.”

Supervisor Daniel Davis: “Right, but it’s a raise of revenue.”

Mr. Callanan: “It’s gotta be somewhere that it’s credited back, you know, and hopefully, maybe, we can get rid of this inequity in how much certain areas pay in property taxes.”

Supervisor Daniel Davis: “And, that would be Council’s decision, whatever we do with those, because they would be surplus revenues then.”

Mr. Callanan: “Right; and I agree with the issue of the collections, because the debt off-set only works with people who actually pay income taxes.”

Supervisor Daniel Davis: “Right.”

Ms. Smith: “That’s correct.”

Supervisor Daniel Davis: “State income taxes.”

Mr. Callanan: “Right; state income taxes. But, the people who aren’t paying state income taxes are getting a free ride off the County, and I think we need to go after them.”

Ms. Smith: “And have refunds due to them; that is correct. I have some information on the EMS – 41 percent of our EMS users are uninsured. [Inaudible, due to more than one individual speaking.] ...of our uncollectable debt – 20 percent of users are privately, and 39 percent of the users are insured by Medicaid and Medicare.”

Supervisor Daniel Davis: "And then, you know, stormwater utilities..."

Ms. Smith: "Let's talk about Register of Deeds fees."

Supervisor Daniel Davis: "Oh, ok; go ahead."

Chairman Schurlknight: "No; you go ahead."

Supervisor Daniel Davis: "I'm not paying close enough attention. You know, one place that we have a potential to make up a lot of revenues, and this has been a sore spot, I found out for a long time among the counties, but Janet..."

Ms. Smith: "Cindy, recently, this year, we just found this out."

Supervisor Daniel Davis: "Right; the recording fees that the ROD Office charges is the same fee – it's \$10.00. It's the same fee, it has been the same fee for 32 years."

Ms. Smith: "And, it is set by the state."

Supervisor Daniel Davis: "Right; and we process 60,000 recordings a year, so that brings in \$600,000. And, the ROD Association, Association of Counties has forever asked for an increase in that. And, let me tell you by the way that since we, 32 years ago, when we were charging the \$10 fee, we have now gone, because everybody wants stuff on the internet, we have started recording all those documents online, so that people can access them from their home. It costs us, I believe, \$3.10 per document to put that on, so our net out of that is \$6.90. And, we did a little study, quick study; I asked Cindy to look at it. It takes about three man hours to process that document before we turn it over to be recorded. And so, it's easy to see that three man hours, and just assume an average of \$10 an hour, we're spending about \$33.10, and we're only getting \$10 to do it."

Ms. Smith: "We're getting a net of \$6.50."

Supervisor Daniel Davis: "Right, so we're losing a serious amount of money with that, and just an increase of \$10 would bring back \$600,000 to the County, an extra \$600,000 to the County. And that's a, again, that's a fee-based operation. If you buy or sell a home, you use that service. If you don't buy a home, sell a home or support a will or transfer property..."

Mr. Farley: "Do we have a right to raise that fee?"

Supervisor Daniel Davis: "No; it's set by state law. I have asked members of the delegation to look into that. The Realtor's Association is a big opponent, and I understand they beat that down, and I think they're shooting themselves in the foot, because while – because, you know, it is a tax. It's being supported by taxes, and if we could put that as a fee-based operation, you know, it's not going to be a significant

reduction in taxes, but it could be a reduction in taxes. That's just one thing that, it's just an example of, where we're having to subsidize certain functions, the taxpayers are having to subsidize."

Committee Member Steve Davis: "Is the state getting any of that \$10?"

Supervisor Daniel Davis: "No."

Ms. Smith: "No."

Committee Member Steve Davis: "That's why they have no concern about it."

Supervisor Daniel Davis: "Yeah; they're not concerned about it."

Ms. Smith: "But, they control the rate that's charged."

Supervisor Daniel Davis: "But, we're gonna work on that. Of course, the Association of Counties has worked on it, but when I talked to staff about it, they said, *'we have beat that horse and put a lot of effort in it, and we get beat down by the realtors every time we try'*."

Committee Member Steve Davis: "There's nothing else we can circumvent to devolve in?"

Supervisor Daniel Davis: "Well, we're gonna kind of look into that, but we don't know of any. We've got a new attorney."

[Laughter]

Committee Member Steve Davis: "There's gotta be some way to get around that."

Supervisor Daniel Davis: "And then, stormwater utility fees..."

Ms. Smith: "Well, can we talk about two more things before that?"

Supervisor Daniel Davis: "Ok."

[Laughter]

Ms. Smith: "Two more things before we get to stormwater."

Supervisor Daniel Davis: "Alright; I'm gonna sit still for a little bit."

Ms. Smith: "I just wanted to mention with the, you know, the ATI Bill is still out there, still alive, and from what I understand the quick current version is upon the sale of

a parcel of property, it stays at the current assessed value, attached the current assessed value until its next re-assessment. And, at that time is when it would be increased to meet or match what the sale of assessment was. So, that's where, you know, that is – in future years, we may not be able to recognize increased assessments until a re-assessment year for ATI's. That's the current version. It's, you know, it's still..."

Mr. Callanan: "Doesn't it have a cap on it though to 15 percent?"

Ms. Smith: "Last I heard, it does not without looking at them, but we will see what version gets passed up in Columbia. We also gave you information on the local government fund. I know that Jennifer passed that out. Just to let you know, this shows that we've been receiving since 2007/2008 and how it's decreased. We've had a 31 decrease in our Local Government Fund. ...[inaudible]... You know, when the census figures ...[inaudible]... What happened with the census figures, we gained a percentage, gained some more year-round in the Local Government Fund, but because they reduced it this year, we still didn't get that to meet up, so we, because of the decrease in the \$20,000,000 that we all hoped would be forthcoming last week, we thought that was a chance to get some more money back, we had to budget for approximately \$350,000 less. Yes, Sir; did you have any questions on that?"

Mr. Callanan: "Yeah, I don't know. I'm looking at this with my usurp. There is an issue with the census. I don't know if we're working on this. I talked to the GIS guys about it where the Naval Weapons Station came in about – well, it came in 4,500 less residents, but because they tore down 100 houses, it's about 3,000 less than is actually there. I don't know whether it's for – for 3,000 residents when you add that up, and you know, over the years of the Local Government Fund and federal matching funds and all that, it may be worthwhile looking into, because Bobbie Bowers had mentioned that there was a case in Virginia where they underestimated base housing, and they got it adjusted. It would be an enormous amount of money for the County. I think we should look into that."

Supervisor Daniel Davis: "I thought it was a lot more than 100 houses. They have basically vacated that entire residential area. Men Riv residential area moved all those people to the Air Force Base."

Mr. Callanan: "No; they've rebuilt the housing."

Ms. Hicks: "It's beautiful."

Mr. Callanan: "Yeah; it's really nice."

Supervisor Daniel Davis: "They are rebuilding some, but..."

Mr. Callanan: "Well, no; they did it – they just knocked down one neighborhood, one Men Riv neighborhood, and they're not rebuilding that. All the other housing they rebuilt. I forget how many it was, maybe, 120 homes that were leveled and not going to

be rebuilt, but that doesn't equal 3,500 people. Whoever the, I forget the woman who's the commandant there. She said those numbers, the census numbers do not match what reality is in that base at any given time, so, that's a lot of money."

Supervisor Daniel Davis: "...Well, I've had a lot of conversation with Dennis Harmon about it, and I think, according to him, they looked into it. He said those people are not there, that they have lost a considerable amount of the population, and they may be coming back. He actually didn't know what they planned to do with that housing."

Mr. Callanan: "Well, I talked to some guy in the planning. Maybe, Dennis and that guy need to talk."

Supervisor Daniel Davis: "Yeah; but that issue did come up, but Goose Creek, they investigated..."

Mr. Callanan: "Because it's 10 percent of the population."

Supervisor Daniel Davis: "Right; and he was satisfied that the numbers – I think, he told me that they thought it was off by about 500 people or something, but it wasn't significant enough to ask for a recount, to pay for a recount."

Mr. Callanan: "Right, so I'll have them keep looking into it. If it gets more severe, because the base can tell us at any given time how many people were losing their houses. So, according to them, from what was reported to me, those numbers are off by several thousand, but I'll see what happens."

Ms. Smith: "We also gave you some information we thought you – made by useful statistics on the population in Berkeley County from 1940 up to 2010 just for your records. You can see how the County has changed. And, we also gave you something that had a paper clip on it. This is information that the Association of Counties has shared with us and shared with Dorchester on some of the mandates, some of the things that we're required to do, some of the votes and why we have to house some of the votes that we do. So, we thought you would..."

Committee Member Steve Davis: "I just want to go on record that our family was here in 1940."

Ms. Smith: "Very good."

Mr. Farley: "You were too."

Committee Member Steve Davis: "That's right. I was a seed."

[Laughter]

Stormwater Utility Fees

Ms. Smith: "Well, now, we're gonna talk about the stormwater utility fee."

Supervisor Daniel Davis: "I've decided I'm not gonna talk about it. I'm gonna let you talk about it."

[Laughter]

Supervisor Daniel Davis: "No; we just – actually, we might need to have Frank tell you a little bit about it, but you've been – Council has been being told for years that eventually, we're going to have to have a stormwater utility fee, because we're getting further and further into the stormwater utility business. And, I think, to this – as of this budget, we are, again, subsidizing that function, that..."

Ms. Smith: "In the current year, but not for next year."

Supervisor Daniel Davis: "Right; but this year, what was it, Kace?"

Ms. Smith: "I will need to check. I don't have that figure."

Supervisor Daniel Davis: "Frank, you want to chime in?"

Mr. Carson: "As Mr. Davis said, we've been talking about this for a long time, and our goal has always been to not be proactive in establishing a utility fee. We heard loud and clear what Council's desire and leadership's desire was as far as that's concerned, but actually, Berkeley County is probably the only one left. The City of Charleston, Dorchester County, some of these other entities... [inaudible] ...stormwater utility fees for many, many years. And, what has triggered it to the point where we can no longer do as we feel with the General Fund is that we're in a second permit cycle with the NPDES, the National Pollution Discharge Elimination System. Berkeley County is a regulated municipal MS4 is the terminology used. So, there are other MS4's in Berkeley County; Goose Creek is a separate MS4; City of Hanahan is; Town of Summerville is; City of Charleston certainly is, and that is based on population, census population for urbanized areas. The new permit cycle that we're about to enter requires things that we never had to do before. It's mandatory that you have mapping on your entire system. It's mandatory that you do water quality, baseline sampling and testing that wasn't a requirement before, and that you have reporting throughout the terms of the permit. We have a consultant who's been working for us and most of these other municipalities for many years to come up with what that's going to cost the County in the coming year. Our budget request is roughly \$350,000. I can assure you that's far less than what they felt like we would spend. To pay for that what we would recommend is an interim stormwater utility fee. It's an interim fee in that there are a lot of intricacies in having a stormwater utility. It's an Enterprise Fund. It's a user fee. It has to be valid, it has to be a valid cost for that fee, and relate that to the user who's paying it."

Mr. Callanan: "So, this would be just for the unincorporated areas if you're in a municipality that's already paying one?"

Mr. Carson: "You wouldn't have double fees, no."

Mr. Callanan: "You wouldn't have double fees. But, if we didn't pay it, then we're still providing the service, but it would be subsidized by other property taxpayers."

Mr. Carson: "Yes."

Mr. Callanan: "Ok; so, if we didn't do it, then the municipal people would be subsidizing the unincorporated people?"

Mr. Carson: "Those who have a fee, now – in Goose Creek, there's not a stormwater utility fee, but they are paying for it separately with their General Fund."

Mr. Callanan: "Ok; thank you."

Committee Member Steve Davis: "Is the stormwater issue as prevailing in the unincorporated areas as it is in these congested areas, say, like Daniel's Island and these other areas?"

Mr. Carson: "Well, if you..."

Committee Member Steve Davis: "Because if there different with certain areas..."

Mr. Carson: "The MS4 and that regulation is based on an urbanized area; however, the program requirements extend into all those other areas. And, if you look at its non-point source pollution, and if you look at stream quality and water quality issues, a lot of those are not in urbanized areas. They have to do with agricultural run-off. It's kind of a paradox, because that's where some of the pollution comes from. On the other hand, our esteemed state legislature mandates these programs, and they've exempted agriculture and silt culture, and so forth, from fees. You can't charge fees for those. So, the interim, again, to tie it to the user and what that actual cost is, typically, that's done by looking at impervious area of property. In an interim fee, you set that up based on equivalent residential units, parcels and so forth, and what we've done in the sheet that you have is take a look at, generically, what are the number of parcels and under what land use classifications and so forth, and sort of sensitivity here on a monthly rate of \$2.00 per month per ERU, \$2.50, \$3.00, \$3.50 and so forth on those different land uses, and look at the revenues. So, at some point in time, it's gonna increase far above what the \$350,000 we're projecting for the one year, so you would have to rectify that balance of the impervious areas, versus the fee."

Committee Member Steve Davis: “In reference to Dorchester County and what they’re paying out, is that a shared burden across the whole County or just an impact to their user fee?”

Mr. Carson: “There are a lot of ways of doing it in Dorchester County. Dorchester County manages some parts of the program and the Town of Summerville, and Summerville does other things.”

Committee Member Steve Davis: “What about the unincorporated area of Dorchester? There’s some areas that aren’t incorporated.”

Mr. Carson: “Yes, they pay.”

Mr. Callanan: “So, as of right now, the budget includes taking \$350,000 from property taxes?”

Ms. Smith: “No.”

Mr. Carson: “No; the budget is based on – in the sheets, it’s call a transfer-in. It would be from a utility fee.”

Ms. Smith: “Yes.”

Mr. Carson: “The details would have to be worked out. You would have to pass an ordinance to enact the fee and so forth, but that is what the budget is based on.”

Mr. Callanan: “So, the budget makes the assumption that we’re gonna pass a fee?”

Ms. Smith: “Yes.”

Mr. Carson: “Yes.”

Mr. Callanan: “Ok; and then – but that fee would still be short?”

Ms. Smith: “No.”

Mr. Callanan: “You’re saying that at the end of the year...”

Mr. Carson: “No; the fee – if you look at these revenue numbers, and let’s take the smallest one as 1.5 million dollars. So, what we’re saying is there would be a surplus in that fund at the end of the year, because, again, this is an interim. We’re at the first year of the permit cycle and so, some of those things have to be sorted out. We don’t know exactly – we don’t have the funds to go out and do the GIS work to determine what the impervious areas are for all the commercial and those parcels. This is from a sampling, and as that program matures, then you would adjust those revenues and

expenses and so forth. And, there's a lot that goes into developing a program. There's the municipal aspect; they pay in. You might also have industries that have their own stormwater programs. They do a lot of things and there are credits and so forth with some of those. So all of those things get factored in for what an individual property would pay."

Mr. Callanan: "Ok; so other than the fee money, there's no money coming out of anywhere to pay for all of this service."

Mr. Carson: "The only thing is we have plan review fees and inspection fees..."

Mr. Callanan: "Which we did last year?"

Mr. Carson: "Which we did last year, yes."

Mr. Callanan: "Ok."

Committee Member Steve Davis: "We paid for what we were supposed to pay for that?"

Mr. Carson: "Right now, it's General Fund and those fees."

Committee Member Steve Davis: "It came out the General Fund."

Mr. Carson: "Right, and this budget includes \$38,000 in fees, plan review and inspection fees."

Committee Member Steve Davis: "Who pays those fees?"

Mr. Carson: "Developers and builders."

Ms. Smith: "Let me just clarify, for the current budget that we are in, the General Fund is supporting any of our efforts in stormwater. For next year's recommended budget, we are recommending that the General Fund does not support the stormwater management."

Committee Member Steve Davis: "So, all of this was subsidizing this year."

Ms. Smith: "We're recommending some type of fee, some agreed upon fee that you all will approve and work through that will be used for the stormwater adjustment."

Mr. Callanan: "So, how much did we spend this past year out of the General Fund?"

Ms. Hicks: "In '10?"

Ms. Smith: "We're projecting to spend \$68,000 in '11, the current year."

Mr. Carson: "That's under the requirements of the old permit."

Mr. Callanan: "Oh, the old permit, but we're going to higher."

Mr. Carson: "The state permit changes, and that's the same. Everybody's in the same situation, so these municipalities and counties I have this little comparison table for, most of those are already for hire, and this goes back to August. So everybody's in the same boat."

Ms. Smith: "I will say that \$68,000 would be the high end and depend on varying expenditures and revenues."

Mr. Carson: "One other..."

Ms. Smith: "The maximum would be 68 this year."

Mr. Carson: "One other thing far as long as thing has been going on, we've had discussions with Hanahan and Goose Creek about going to a regional, we call it a regional system so that we could all participate. There are certain things that we will continue to do or the County might manage that Countywide. And, there's still some of them, the municipalities, because some of them are tied to building permits and things of that sort. But, where there were savings, any economies that we could realize so that we weren't duplicating programs that we could take a look at that at the same time. And, they've expressed an interest and willingness to do that as well."

Committee Member Pinckney: "Frank, let me ask you this with Dorchester County since they've already implemented this, and they've implemented it in the unincorporated area."

Mr. Carson: "Yes."

Committee Member Pinckney: "Is there an average rate of fee for folks in the unincorporated area?"

Mr. Carson: "This \$3.73 per month."

Committee Member Pinckney: "Oh, per month; oh, ok."

Mr. Carson: "An equivalent residential unit essentially would be a single family house. So, you're trying to base that on equivalent units."

Mr. Callanan: "You mentioned that Hanahan and Goose Creek thing, and doing the Countywide."

Mr. Carson: "Yes; would that then assess a fee on everybody in the County, regardless of whether their particular municipality participated."

Mr. Carson: "No, there would be no duplication."

Committee Member Steve Davis: "Why wouldn't it, because the City of Hanahan or the City of Goose Creek would already be contributing?"

Supervisor Daniel Davis: "No; he's talking about in the instance of City of Charleston, Daniel Island, then the County wouldn't be assessing fees there?"

Mr. Carson: "It says user fees, so if you're not using that service, well, if you're not using that service, then you're not being charged the fee."

Committee Member Steve Davis: "We take care of our own stormwater down there where I live."

[Laughter]

Mr. Callanan: "Can I ask one question about this? If we're not mandated to provide facilities for Head Start, right?"

Ms. Hicks: "No, Sir."

Mr. Callanan: "No? So, now that the schools taking over, they're gonna provide the facilities."

Committee Member Steve Davis: "The Federal Government's sending money down for that. That's why the state took it over."

Supervisor Daniel Davis: "You know, we had a lot to do with schools taking that over. That was something that we initiated four years ago when they ran into trouble for that very reason. Now, we were not mandated, but we did provide space. I mean, the schools were able to put them into their school, so it freed up office space for us."

Mr. Callanan: "Right; that's what I'm saying."

Ms. Smith: "We've got some items on personnel that we want to share with you."

Supervisor Daniel Davis: "We want to go into Executive Session."

It was moved by Committee Member Steve Davis and seconded by Committee Member Cathy Davis to enter into **Executive Session** for discussion of employment, appointment, compensation, promotion, demotion, discipline or release of an employee, student or a person regulated by a public body. The motion passed by unanimous voice vote of the Committee.

The Committee entered into Executive Session at 7:24 p.m., and returned to its Committee Session at 8:27 p.m.

Personnel

Ms. Smith: "One more thought I had – I wanted to kind of explain to you, since it publicly came out earlier tonight about the funding of the elected officials and how we recommended funding them for next year. We realize this is a very, very difficult budget year, and from what we had recommended in the formula we had used in the past, we suspended using this year. So, the recommendation we have for funding them this year, we looked at them in four areas. We looked at personnel separately; we looked at operations; we looked at capital; and we looked at debt service, and we are recommending funding them with all existing personnel that they currently have, giving them the dollars that they need even for some of their open positions. As we discussed earlier, we are recommending funding ten (10) additional deputies, or eight (8) PFC's and two (2) sergeants for the Sheriff's Department; that all the other elected officials are being funded 100 percent of their personnel is being funded, not what they requested, but all their existing personnel. We did not fund any student interns or any of their temporary monies. We put that if they should see the need for students or temporaries that they may use some of their carryover funds for that purpose."

Operations

Ms. Smith: "Then, we looked at operations, and what we did is we protected, based upon their spending, how much they were going to spend this current fiscal year. And, we also had requested last minute requested budgets, and we used that in consideration. So, we gave them money and operations for next year based upon their spending this year, just like the other non-elected departments. We're not treating them differently, but we recognize their requests, and we looked at they are currently spending. So, you will see differences, quite a big difference from what they have requested and what we are recommending funding their offices for. The Sheriff's Office did get a little more funding for next year, because we do recognize we had additional operating expenses should the detention center, when the detention center opens. But, we met with all the elected officials yesterday. They received copies of the items that you have in your black notebook. I went through this with them. We are recommending no capital purchases for them, with the exception of a few items for the Detention Center we thought were probably necessary. And, we are recommending that the Sheriff's Office, I believe the lease purchase of that service amount is about \$335,000, and we do fund that. Does anyone have any questions on the elected officials?"

Committee Member Steve Davis: "The contracts have been prepared for them to sign?"

Ms. Smith: "No, Sir; they have not."

Committee Member Steve Davis: "And the other question you'll all told me you were going to hit on this – Mr. Fish was talking about. How are we going to offset these carryovers? You said ya'll were gonna address that. Have we done that?"

Ms. Hicks: "Well, the carryover; if they want a temporary or a student employee, they will have to use their carryover to pay for that if they want any capital."

Ms. Smith: "We have had some of them that had substantial requests in capital, and we're not suggesting that they don't purchase it, we are just not providing funds for that. They can choose to use their carryover for that."

Committee Member Steve Davis: "Have you ever discussed one time, I don't know if we did, where in the contract we could have put a provision in that – it's kind of neutral in a sense, but conducive to maybe limit the amount of the carryover in reference to the percentages. You know, you can have it built in there with percentages that it's still an inducement, but then when it get too greater than that, you have a disincentive, because we're still giving them too much discretion if they want students or if they want to do this, they go into discretionary fund, which leave us at their peril to some degree. We would have more control if we would put a percentage if that's feasible, I don't know."

Supervisor Daniel Davis: "And, we looked at that this year. As a matter-of-fact, we were looking to – before we knew what our financial situation was before we got into the budget process, we talked about actually shuffling the formula, and maybe capping the carryover. And, you know, there's another option is to, I don't remember what you do – encumber a portion of that fund balance, any amount over a certain amount as a fund balance that would credit to our fund balance. But, this was such an unusual year that we decided to kind of suspend – we still want to do the contracts, but we're suspending the way that we did the contracts and trying to push them to spend some of that fund balance. And then, I think next year or maybe the year after, we'll have a better handle on it, but the formula, no doubt in my opinion and all of our opinion, needs to be adjusted a little bit."

Mr. Callanan: "The issue that I've always had here is the fact that it's so rigid, it does not take spending into account. You know, Register of Deeds is always been one for me that if the percentage formula is based on when things are booming and then things slow down, you know, then they end up with a larger account balance than – so this takes that into account."

Ms. Smith: "Yes."

Mr. Callanan: "And, look at what they spent the previous year and base it on that. And the second thing, the only reason why I think putting a cap on the carryover is not going to work, it's just like the Federal Government. You know, you go to any department in the Federal Government, you know, I guarantee if you put a cap on it, everybody's carryover is going to be within, like, \$2.00 of the cap, because they're gonna

be buying paper clips, 30-inch flat panel screens, whatever it is that they have to get rid of, so.”

Supervisor Daniel Davis: “But, that same theory though, and see, but that’s what, the reason the contracts came about in the first place. When you use typical budgeting practices, the same thing applies.”

Mr. Callanan: “And, that’s why I’m saying, I don’t think the cap is gonna work. And, I don’t want to take their money away, because we made a deal with them.”

Supervisor Daniel Davis: “Right, but if we make minor adjustments over time, then I think we can hone in on it where we can have them have almost a predetermined amount of carryover.”

Committee Member Steve Davis: “Because if you don’t, you could create a situation where they could just build and build and...”

Mr. Fish: “They’ve been doing that.”

Committee Member Steve Davis: “Yeah; so, we’ve gotta do something.”

Supervisor Daniel Davis: “But, the ones who have nice fund balances, you know, what they’ve done is they were very prudent. When their business slowed down, and they had positions, they did not refill them. I think – how many are in ROD’s Office? I think there’s two...”

Ms. Smith: “Two.”

Supervisor Daniel Davis: “And so, she’s done the prudent thing; whereas, I dare say if we had a typical – any she’s got a lot of carryover, but if we had a typical budget with her, she would have refilled those positions and made sure that she continued to spend all those dollars, so that she wouldn’t be cut the next year.”

Mr. Fish: “What’s all with all of them be prudent? That’s what we expect of our employees.”

Supervisor Daniel Davis: “They’re not our employees.”

Mr. Fish: “I understand.”

Supervisor Daniel Davis: “If they were our employees, you see, all that’s off the table. That’s the difference.”

Ms. Smith: “And, getting back to the way we... [inaudible] ...actual – we’ve looked at both actual and what they requested, and even if they were projecting a little bit more, but they asked for a little bit less next year, we funded them... [inaudible].”

Mr. Fish: "Where's the justification? I mean, just because they spent it last year and the year... [inaudible] ...I still believe in zero-based budgets, what is spent on what needed, and justify it. We're not getting that from that."

Capital Improvement Fund

Ms. Smith: "And, once again, we're recommending to use the Capital Improvement Fund. Here's one of our ambulances that Bob Mixer is so proud of. We anticipate that we're going to have 2.8 million in revenue for this fund. We've got half-million dollars they've confirmed it to go into the assessment district. We are recommending using 205 from the General Fund for the debt payment. This is our final payment next fiscal year. We'll be done with lease purchase in the General Fund. The Sheriff's Department is recommending spending 341 final lease purchase payment in the General Fund."

Committee Member Steve Davis: "What was that for?"

Ms. Smith: "Probably vehicles."

Committee Member Steve Davis: [Inaudible]

Ms. Smith: "[Inaudible] ...I will tell you he did not buy any vehicles in the current year, and he requested a lot."

Ms. Hinson: "Thirty-two new vehicles."

Ms. Hicks: [Inaudible]

Ms. Smith: "You all have a breakdown in your black notebooks on this detail of these replacement vehicles for some of our departments. We've also got some replacement vehicles, equipment that we need; we've got a new vehicle for the Maintenance Garage, and we've got new equipment. A half-million dollars of this new equipment is the compliance FCC requirement that we have for our narrow-based..."

Supervisor Daniel Davis: "Narrowband."

Ms. Smith: "Narrowband by January 1, 2013, that we are recommending that we fund in two fiscal years."

Committee Member Steve Davis: "Now, this Capital Improvement Fund, where does the money come from?"

Chairman Schurlknight: "Twenty-nine percent."

Committee Member Steve Davis: "That twenty-nine percent I get from one-cent. We'll be a liar, dishonest and all that good stuff."

Ms. Smith: "I have one more piece of information. I know we shared a lot with you tonight. I thought you all would be interested in the monthly collections that we get from the Local Options Sales Tax. The Local Options Sales Tax, this is the penny that we assessed, and this give you back by month since inception on the revenues. And, you can kind of look at see that on the sales tax collections, so."

Mr. Callanan: "What did we collect? So this is the entire amount?"

Ms. Smith: "Yes."

Mr. Callanan: "So, we multiply this by .29?"

Ms. Smith: "No."

Ms. Hicks: "No."

Ms. Smith: "It's a little more complicated. Actually, we get two separate checks from the state. The... [inaudible] ...71 percent and the 29 percent, and it's not an exact percentage. The 71 percent is higher than 71. It's based upon where the sale takes place, and there are some other factors, but the state determines. This is your 29; this is your 71. We don't make that determination."

Committee Member Steve Davis: "This is the Capital Improvement Fund right here."

Ms. Smith: "... [Inaudible] ...the 71 is..."

Mr. Callanan: "Do you have an idea of what the 29 percent equals in fiscal year 2010, and what we projected to collecting ending in this year?"

Mr. Fish: "[Inaudible] ...million dollars, I'm sure."

Mr. Callanan: "Well, they're saying 2.8 for next year. It's got to be less than three."

Mr. Fish: "You've got 29 percent of 11 million."

Ms. Smith: "You can't do that... [inaudible]."

Mr. Callanan: "Well, here's the thing. And, this is what I would recommend. The jarring issue that divides a lot of us on Council is this 29 percent. So, we have a Fund Balance of 15 percent. We just added an additional, you know, an additional little over one percent to it. My view is that anything that comes out above this should be kept

in escrow and refunded at the next year to lessen that amount to 29 percent. So, if we're getting money that's above and beyond, what revenues are above and beyond on what we're budgeting, then those funds should be used as a tax rebate for the 29 percent for the following year."

Supervisor Daniel Davis: "And, we discussed that. As we said in the very beginning, there may be a point in time we may stop drawing as much as the 29 percent. If we could pay off some of this debt, that just may be a possibility. Now that we've met our Fund Balance..."

Mr. Fish: [Inaudible]

Ms. Smith: Well, last year – I have fiscal year..."

Committee Member Steve Davis: "Wait til I get that new courthouse in St. Stephen."

Ms. Smith: "...it was 2.7, almost 2.8; 2.795. This year..."

Mr. Fish: "Tenths."

[Inaudible]

Supervisor Daniel Davis: "Before we do that though, I think we ought to – you know, we set a 15 percent fund balance, you know, and I'm not sure. That was an arbitrary figure. There is not a specific figure, but you know, I think we need to have discussion about what we want our fund balance to be. It might be 20 percent. There's some that have even a larger fund balance. In good times, remember, in good times, when the interest rates are back up, you know, that can become a significant source of revenue for the County. It isn't much right now, when you're getting paid one percent, but at any rate, I think we need to have discussion about what our fund balance ought to be and then make those decisions."

Mr. Callanan: "Well, my point is that we should have the decision now, and say – we have a discussion, and say look let's target, you know, I'm comfortable with 15 percent. Let's target 15 percent. Any additional revenue that comes in above what we're talking about here should go back to the folks on the 29 percent, you know, as part of that 29 percent, and then, on top of that, my view is that if we look at a fee for EMS, we could practically rebate less the \$500,000 for Economic Development, most of it, if we could start collecting serious money on simply raising the EMS fees to somewhere closer to where Dorchester is. And, it's not gonna, it's not gonna cut anything, but what we're essentially doing is we're just saying alright, we'll figure out how much, we'll look at how much we've collected in additional EMS fees. You know, we're projecting a deficit right now, let's say, it was the same as last year, 2.9 million. You know, whatever comes in less than that, we credit that amount to the escrow account that gets paid back at the following year's tax bill as a rebate, just as the 29 percent, and then, whatever additional

revenue comes in, like we're projecting 2.8 here, whatever additional revenues that come in if, you know, there's property taxes come in above estimates or anything above my estimates, I think it's reasonable, rather than just spending the money, then we simply just put that in the escrow account, so at the end of the year, we can say, alright, we've got this pool of money, we can credit it back, that's above the budget, that we can credit it back to the folks on their tax bills."

Supervisor Daniel Davis: "And, I don't disagree. The only exception is I would feel a little bit uncomfortable spending anticipated dollars. I think that ought to be based on our next year's audit and the way we calculate the rebate as we use the left over dollars in the one-cent sales tax and then the projected revenues next year, then we calculate the formulas."

Mr. Callanan: "That's what I'm saying."

Supervisor Daniel Davis: "But, I just think we need to go through one more cycle, get the audit next year, and whatever dollars then we know that is in there, that's what we can pledge all or a portion of it back to the penny sales tax, and calculate the formula. I just wouldn't feel..."

Mr. Callanan: "I'm not saying this year; I'm not saying this year. What I'm saying is next year. That's what I'm saying."

Supervisor Daniel Davis: "We have already – we have already talked about that, and if that's possible, then I think we're gonna make some kind of a recommendation next year."

Mr. Callanan: "But, I would make the recommendation this year, so this way, if the money comes in, in addition, we don't spend it, and then, we put it in the escrow account, because if it's above at the end of the year, we can say well we did get – we budgeted for \$54,000,000; we got \$56,000,000, but we ended up spending the extra \$2,000,000 on this project or that project that came up during the year, we had to hire somebody there. What I'm saying is we stick to our budget, and our priority is stick to the regimented budget. Any revenues above the budgeted amount go in the escrow account."

Committee Member Pinckney: "It would have to come before Council anyway wouldn't it, for approval."

Mr. Fish: "I don't think so. Expenditures... [inaudible]."

Mr. Callanan: "Right, right; but that's my point. You see – and I'm not saying it's a resolution that we say that anything, that any – the priority for the budget, additional revenues for the budget, whether it's sales tax from the 29 percent, whether it's any sort of revenues go to the – go to an escrow, versus additional funds, because right now, we're above 16 percent of fund balance, so we've got a healthy fund balance. We just

added to it again. Rather than the money going to the fund balance again next year, we say in advance to people, we're making you a promise anything above and beyond, and any amount of money that we come up with this EMS fee goes into an account that gets refunded back to you not this tax year, but next tax year, because we have to wait til the end of this fiscal year to do it. It seems like a reasonable approach."

Supervisor Daniel Davis: "And, that's something that we can do, and I think we ought to talk about it; I really do, but I think we need to think through it, because there's other things, there's other factors. We don't know what's going to happen next year. The legislature may not be through with us on the Local Government Fund."

Mr. Callanan: "And, I'll say that's revenues, so we're predicting. If they screw us on revenues next year, then you know, our revenues get stepped down, so therefore, any additional revenues we get from property taxes offset that first before the money goes into any sort of separate escrow account."

Supervisor Daniel Davis: "Well, but remember, you know, we were pledging these not to be operating revenues. So, I think it really would be bad not to – to use those as operating revenues to offset that."

Ms. Smith: "You need to also remember we've got GASBY 45 that is a large burden on our back that we need to do deal with..."

Mr. Callanan: "But, it's not on this budget."

Ms. Smith: "It is not, because we do not have a funding for it this year."

Mr. Fish: "I'm not convinced that as large as y'all, since we're still talking about that, I think we need to know the parameters of what's available."

Ms. Smith: "We do."

Mr. Fish: "If you take everybody who works today and double 50 years from now [inaudible]. I think we need to finish up that..."

Supervisor Daniel Davis: "We absolutely need to finish this..."

Mr. Fish: [Inaudible]

Supervisor Daniel Davis: "You see, that's where that reservation of GASBY money came from last year was surplus funds, so that would affect that as well. You know, like I say, we have had a lot of discussions about trying to – if we truly had surplus funds after we meet all of our obligations, then I agree with you that we need to start reducing that take on the 29 percent."

Mr. Callanan: "But, what about the EMS funds?"

Supervisor Daniel Davis: "I'll support that, and I think that's a..."

Mr. Callanan: "But, we can do that this year saying, you know, so people know, we're not just raising your fees, we're implementing a user fee and swapping it out for a tax credit. So, every dollar in addition that we get from the EMS is going back to you in the 29 percent. Yeah, I mean, it just seems reasonable."

Committee Member Steve Davis: "If you didn't vote on the 29 percent, and we had lost, I mean, this money is coming from this. How would you have paid for these things then?"

Mr. Farley: "Tax increase."

Ms. Smith: "Tax increase, furlough days, reductions..."

Committee Member Steve Davis: "So this 29 percent is really serving a very bottom purpose."

Mr. Fish: "No tax increase."

Committee Member Steve Davis: "Well, I don't care. We voted for it."

Ms. Smith: "We have – some of these things..."

Mr. Callanan: "I don't necessarily buy that."

Ms. Smith: "Some of these things we have to."

Mr. Callanan: "No, no, no; I don't necessarily buy that there would have been a tax increase. If you look – and, I'll say this again and again, if you look, you know, where other entities have been, we've had the luxury of having higher revenues year over year, alright? Because we're not subject, our income is not subject to income tax, or it's not heavily subject to sales tax. It's on a more stable basis of property taxes, and yeah, the ATI has helped us, but my point is, year over year, we haven't been able to take the hit, so I necessarily think that if need be, we would have been able to take some more severe cuts somewhere, you know, in the government to make this happen. I just don't buy that there necessarily would have been a tax increase."

Supervisor Daniel Davis: "I would like to know where those are."

Mr. Callanan: "Yeah."

Committee Member Steve Davis: "And I say this, because I think under the leadership of our Supervisor, you've seen fit to put the fund balance where it should have been at the level that it is, and he needs to be complimented for that. A lot of us took a

lot of heat to pass that 29 percent, but I think it's serving its purpose. Now, once the purpose has been served, I'm 100 percent with reimbursing it back to the citizens."

Mr. Callanan: "But, its purpose isn't any where dictated. It's... [inaudible]."

Committee Member Steve Davis: "I don't know about that. We've got some projects there that..."

Mr. Callanan: "There will always be another project that we put in there."

Mr. Fish: "Can we expect a resolution... [inaudible]."

Supervisor Daniel Davis: "Oh, I think we've got to do some more research on that before we're ready..."

Ms. Smith: "We're not prepared for it next month, Mr. Fish."

Supervisor Daniel Davis: "This came up during our budget stuff, and we couldn't get off of that – I know you're anxious, and I – we are too."

[Inaudible]

Supervisor Daniel Davis: "And, I will say this, we have improved our business personal property tax collections, because – and I don't know why we never thought about that just before, we asked those cities in the County who have business licenses to not issue them until the property taxes are paid. So, we now supply them with a list of all the businesses in their city, and they don't issue the business licenses, and so we had improved that a little bit. It's not as big a problem as it once was."

Chairman Schurlknight: "That's good."

Ms. Smith: "Well, that is our recommended budget, and we appreciate..."

Committee Member Steve Davis: "One final thing. In reference to Dr. Thornley, and..."

Ms. Smith: "Yes; I'm sorry. We've had some information out that was just sent to us. I'm sorry."

Committee Member Steve Davis: "We don't have any problems in that area if the senate don't pass this bill that – we were supposed to get a copy – I don't know if I ever got a copy of that bill."

Ms. Smith: "I mailed it out yesterday."

Committee Member Steve Davis: "Ok; I'm sorry."

Ms. Smith: "The recommended budget that we presented to you tonight does not take into consideration any funding for Trident Tech other than the three mills that we currently have on the tax books."

Mr. Callanan: "What about how we would pay for it if there wasn't – if that bill wasn't in existence?"

Committee Member Steve Davis: "General Fund."

Supervisor Daniel Davis: "Raise the millage."

Mr. Callanan: "No, no, no; I'm saying the reason you gave that we're not – it's not in the budget is because this bill in the House, right?"

Supervisor Daniel Davis: "No; I don't know that I would have put it in the budget either way. You know, I still believe that Trident Tech is a state function. We approved the money last year trying to get them started. I don't know what everybody's rationale for that was, but we gave them one time funding. If we were to give them funding, if we were to fund them for the second year, the choice was going to be either to raise their millage and fund it that way, raise it from three to four, or to dedicate it out of the Multi-County Park Fund. Those were the only two sources."

Mr. Callanan: "Where's the Multi-County Park Fund going anyway?"

Supervisor Daniel Davis: "It's actually not going anywhere right now."

Ms. Smith: "The Mount Holly Multi-Park money, you have to distinguish that from other multi-county park..."

Supervisor Daniel Davis: "We had this discussion the other night. What you consider the Mount Holly Multi-County Park money – the reason I refer to it as the Multi-County Park money is because you all decided, Council decided that what we were gonna do was we were going to establish a percentage of the Multi-County Park money that we were going to designate for Economic Development and other..."

Mr. Callanan: [Inaudible]

Supervisor Daniel Davis: "And so, that's why I call it Multi-County Park. Right now, it's just commonly known as the Google, Mount Holly money."

Mr. Callanan: "Because it's different than the other Multi-County Park money. That's why I call it Mount Holly, versus calling it Multi-County Park, because we share all the other."

Supervisor Daniel Davis: "We do share all the other, but in the future, we will have one pot of money, and then we will have a percentage that we use and a percentage that goes to the School District."

Committee Member Steve Davis: "So, we don't have to be concerned about the Thornley thing?"

[Laughter]

Chairman Schurlknight: "You're dreaming now, Steve."

Mr. Callanan: "So, where is the Mount Holly money being spent in this fiscal year budget?"

Ms. Ewing: "I think, I can explain that. Council passed a resolution that says that the Mount Holly money, a certain amount of it would go – be transferred back to Water and Sanitation, and..."

Mr. Callanan: "Five hundred thousand, right?"

Supervisor Daniel Davis: "Yeah."

Ms. Ewing: "Kace, is that right? I can't remember the figure."

Ms. Smith: "Five percent."

Ms. Ewing: "And then, the rest of it was designated to the Fund Balance."

Mr. Callanan: "So, we've already established..."

Ms. Ewing: "But, because there's a resolution, until some other action is taken, it will continue to go to the Fund Balance."

Committee Member Steve Davis: "To the Fund Balance."

Ms. Ewing: "So, right now, it's just going into the Fund Balance."

Mr. Callanan: "Ok; that was my question."

Ms. Smith: "There's a five percent of the one percent also taken off."

Mr. Farley: "One percent would be in Berkeley County; and five percent in Economic Development."

Supervisor Daniel Davis: "So, when we were talking about using that money for Sheep Island, we were going to develop a new, I guess it would be an ordinance, which

would throw all that money together in the Multi-County Park Fund, and then we would establish a percentage then that would – which would pay \$500,000 to Water and Sanitation and then the rest of it either toward Sheep Island or wherever we designated it.”

Ms. Smith: “What economic project you need.”

Committee Member Steve Davis: “So, Dr. Thornley comes before us then asking for some critical funds that they ain’t gonna get no money out of General Fund.”

Supervisor Daniel Davis: “Not out of the General Fund.”

Ms. Smith: “Not out of the General Fund, no.”

[Inaudible]

Mr. Callanan: “[Inaudible] ...schools, I rather have them give it to Trident Tech. Why don’t we just take the money out of the – that’s being rolled over into the Fund Balance...”

Committee Member Steve Davis: “Yeah, Fund Balance.”

[Inaudible]

Mr. Callanan: “...than we could possibly ever need, and use that fund for Trident Tech?”

Supervisor Daniel Davis: “We can. Let me remind you that if we’re intent on doing the Sheep Island Interchange, you know, we’re woefully short of the amount of money we need to do that interchange. It may take all of that money. We may not have enough money after we pay \$500,000 to Water and Sanitation and then whatever it takes – I think the bill for Trident Tech is \$700,000?”

Ms. Smith: “Well, it depends on whether you’re gonna give them all the money or give them an annual amount.”

Committee Member Steve Davis: “Increments.”

Ms. Smith: “I think it’s a 20 or 30-year commitment.”

Supervisor Daniel Davis: “It’s quite a large expense. It’s a mill. It’s probably a mill, at least equivalent to a mill.”

Mr. Callanan: “Point seven-five. Is that what we determined last year?”

Ms. Smith: "That was based on last year's assessment, so. That was their figure..."

Supervisor Daniel Davis: "And, quite honestly, and then you couple that with the fact that the legislature decided to take the money. It kind of sent us all into a scramble, so we don't know where that is. It worries me that we would take on that obligation with that money, and we don't have everything nailed down on Sheep Island."

Committee Member Steve Davis: "How long do we gotta pay back to Water and Sanitation that \$500,000?"

Mr. Farley: "Ten years."

Committee Member Steve Davis: "We might want to stretch that out to 20 years."

Ms. Smith: "It was right under \$5,000,000, and we agreed to pay back approximately 500 a year. I think the first year was a little bit less."

Committee Member Steve Davis: "There not going anywhere, what's the hurry? They're gonna be there the next 50 years."

Mr. Callanan: "The first year, didn't we give them a large fee?"

Ms. Smith: "No, Sir."

Ms. Hicks: "No, Sir; we only gave them what we collected."

Mr. Farley: "Four eighty-seven; four seventy-eight."

Mr. Callanan: "What you collected from where?"

Ms. Hicks: "Mount Holly, and it wasn't 500."

Mr. Callanan: "Ok; alright; so, I guess that year was..."

Ms. Hicks: "It was less than 5,000,000 too."

Supervisor Daniel Davis: "Yeah; we didn't borrow the whole 5,000,000, and we didn't get the whole 500,000. I don't know what the balance is, but?"

Ms. Hicks: "I have it in the office. I wasn't prepared..."

Committee Member Steve Davis: "Well, what is the objection to use those funds as part of the operation?"

[Inaudible]

Supervisor Daniel Davis: "You know, some of the pieces, parts of the puzzle are gonna start falling together. Again, I mentioned to you about the 35,000,000 that the Joint Bond Review Committee is looking at. We actually found out today that they are going to meet early, and they are going to meet next Wednesday. So, I think we'll have an answer on that, and once we get that, I think we're very close to being able to wrap up all of this, and we'll know exactly what is left over – what is left over of what you consider the Mount Holly money, and then we can go about preparing the ordinance that will establish a percentage for the future. And, it may be that we have to wait until then to decide with Trident Tech. You know, that's..."

Mr. Callanan: "My view is that we have to come up with a commitment for them for this year, and my view is that what seems to make sense to me is that we've got an additional \$631,000 above the 15 percent, and then we've got all this extra money being put into the Fund Balance. Why don't we just, for this year, take it from there and then we'll know what's going on after that. I don't want to hold up the works, because of all this stuff up in the air, because by the time next year comes around, we're gonna know whether this bill gets killed in the senate, because the two-year session is going to be over. So, it's not gonna be a question mark whether this money is going to be in jeopardy next year."

Committee Member Steve Davis: "I'm gonna piggyback with Tim that we do that sometime, but, you know, we made a commitment to try to take up for it."

Supervisor Daniel Davis: "We made a deal, a one year commitment last year. They were clear on that. It was just for that year."

Mr. Farley: "I thought we made a long-term commitment."

Committee Member Steve Davis: "That's what I thought."

Ms. Smith: "We've got the minutes here."

Committee Member Steve Davis: "I mean, why would she in and brow beat us just for one year when she knew..."

[Inaudible]

Ms. Ewing: "The actual motion that was made was just for one year."

Mr. Callanan: "There was discussion about the long-term so that she knew that we were not going to throw her under the bus. I just think that it's, you know, look if we're concerned, we can just - you know, everyone knows what my view is about the Mount Holly money, but if we ain't giving it back to the schools, this is the next best thing for me."

Committee Member Steve Davis: "Trident?"

Mr. Callanan: "Is Trident, so."

Mr. Farley: "Their fighting, and they've got a good point. It is an Economic Development, because will be able to produce some jobs."

Committee Member Steve Davis: "Yeah; they've got to build the place here."

Supervisor Daniel Davis: "If I can throw in one thing, you know, when you talk about surplus dollars and giving it back and designate it for this and for that, you know, there's one thing we need to remember is that our state legislature has been famous for whenever there's extra dollars, they start giving it away. And so, I don't want to fall in that trap. I want to make sure that Berkeley County's financially secure before we start giving away anything. And, the one thing that has, that was not brought up by anybody tonight about, you know, what we do with surplus dollars. Remember, our employees have not been compensated like they should have been for the last several years. We – they have taken it on the chin, and repeatedly, and they've been soldiers about it. So, I would like to have some time before we start giving, you know, I would like to have some time before we start giving, you know, appropriating money to other places, and I would plead to you that we think about those employees. You know, we have in excess of 50 positions. I know, it's more than that, but I always get the wrong number, but we're still operating with a number of positions open, and our employees are taking the extra load. And so, I wish that we could provide for them, provide for the financial stability of the County first, and then, in a very organized fashion, we decide what we're gonna do with surplus funds or extra funds or however we want."

Ms. Smith: "And, one more thing I wanted to add that the budget does not include, and we had hoped that it could, is HR has put a lot of work into evaluating all the positions, seeing whether they're fairly compensated to the market. We could not even begin to fund that in next year's budget, due to lack of dollars. We will be presenting that to you in the next, probably, within the next six months. I imagine you'll start seeing the compensation study. And, as Mr. Davis mentioned, you will see that we've got some folks in wages and salaries that are out of whack and not in market..."

Supervisor Daniel Davis: "Some as much as 20 percent."

Ms. Smith: "...fairly compensated."

Mr. Callanan: "And, I'll be honest with you, you know, this is one of the problems I had with the COLA last year is that I thought that the COLA, rather than have a COLA, that's where the money should have went to. You know, you're giving people raises by your own admission that are probably overpaid to their peers in their same department. So, if I were to give a priority to where this money goes, it goes to fixing the inequities in the departments first before, you know, before COLA's get kicked in or

merit pay or anything like that. But, you know, as for this, what my recommendation is is that we have a whole bunch of money going into tax money, going into the fund balance above and beyond what, you know, the 16 percent that's already there. That is my recommendation for the source to pay this year for the Trident Tech, and then next year, we can work on a long-term solution, because most of these problems will have worked themselves out, rather with the \$35,000,000 for, you know, some of the development issues, with regards to Sheep Island."

Mr. Farley: "Last year, I brought up giving a set amount of dollars to every individual, not a percentage..."

Mr. Callanan: "Sure."

Mr. Farley: "...because, as I said, that lower individual would get the same amount as that upper individual, but it would mean a hell of a lot more to that lower individual than it does with that upper individual."

Chairman Schurlknight: "Sure; well folks, it's getting late. I think we're about ready to wrap it up. Thank y'all for great discussion. I thought it was a good meeting, and I'll entertain a motion to adjourn."

It was moved by Mr. Farley and seconded by Committee Member Cathy Davis to **adjourn** the workshop meeting of the Committee on Finance. The motion passed by unanimous voice vote of the Committee.

Meeting adjourned at 9:07 p.m.

July 25, 2011
Date Approved

FINANCE

(Standing Committee of Berkeley County Council)

Chairman: Mr. Jack H. Schurlknight, District No. 6

Members: Mr. Robert O. Call, Jr., District No. 3
Mrs. Cathy S. Davis, District No. 4
Mr. Caldwell Pinckney, Jr., District No. 7
Mr. Steve C. Davis, District No. 8

Mr. Phillip Farley, District No. 1, ex officio
Mr. Timothy Callanan, District No. 2, ex officio
Mr. Dennis Fish, District No. 5, ex officio
Mr. Daniel W. Davis, Supervisor, ex officio

A **BUDGET WORKSHOP meeting** of the **COMMITTEE ON FINANCE**, Standing Committee of Berkeley County Council will be held on **Wednesday, May 25, 2011**, at **6:00 p.m.**, in the Supervisor's Conference Room, Berkeley County Administration Building, 1003 Highway 52, Moncks Corner, South Carolina.

WORKSHOP AGENDA

- A. **Bill No. 11-16**, an **ordinance** providing appropriations for the fiscal year beginning **July 1, 2011**, and ending **June 30, 2012**, for **Berkeley County**; to provide for levy of taxes on all taxable property in Berkeley County for all county purposes; to provide for the expenditures of said taxes and other revenues coming into the county for the fiscal year; and to amend the Code of Ordinances, Berkeley County, South Carolina, setting rates, charges and penalties for Water and Sewer and Solid Waste Service by **Berkeley County Water and Sanitation**.

May 18, 2011
S/Catherine R. Windham
Acting Clerk of County Council